

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2018 / 2019

BOB 2024 – ORGANISATIONAL BEHAVIOUR

(All Sections/ Groups)

22 OCTOBER 2018
9.00 a.m. to 11. 00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR (4)** pages excluding the cover page.
2. Answer **ALL** questions. The marks for each question is given in the question paper.
3. Please write your answers in the Answer Booklet provided.

Answer **ALL** Questions. You are encouraged to include detailed explanation, personal opinions and examples to illustrate your answer.

Article 1

Title: FGV Power Tussle Escalates

Author: Neily Syaftiqah Eusoff

Source: The Edge Financial Daily

Date: June 14, 2017 07:11 am

KUALA LUMPUR: The tussle between the management and board of directors of Felda Global Ventures Holdings Bhd (FGV) over irregular business dealings escalated yesterday as the board moved to serve show-cause letters on its group president and chief executive officer (CEO) Datuk Zakaria Arshad and group chief financial officer (CFO) Ahmad Tifli Mohd Talha.

The board issued the show-cause notice to the duo over the long outstanding debt that Dubai-based Safitex Trading LLC owed to Delima Oil Products Sdn Bhd, a subsidiary of FGV.

In a filing with Bursa Malaysia yesterday, FGV said Zakaria and Ahmad Tifli have been given seven days from yesterday to provide a written reply pertaining to the allegations mentioned in the show-cause letters. They will continue to be on leave of absence until further notice from the board, it added.

Safitex — which brings FGV's products into Afghanistan — is at the centre of alleged accounting irregularities in the plantation giant. FGV's board had said Safitex's outstanding debt had swelled to US\$11.7 million (RM49.26 million) as at April 30, 2017, and had "exceeded the allocated credit limit per its external auditor PricewaterhouseCoopers' statutory financial audit" for the financial year ended Dec 31, 2016 (FY16).

The board members include non-executive chairman Tan Sri Mohd Isa Samad, Datuk Dr Omar Salim, Datuk Yahaya Abd Jabar, Datuk Noor Ehsanuddin Mohd Harun Narrashid, Tan Sri Dr Sulaiman Mahbob, Datuk Mohd Zafer Mohd Hashim, Datuk Mohamed Suffian Awang and Datuk Siti Zauyah Md Desa.

In the show-cause letter dated June 13, 2017 seen by The Edge Financial Daily yesterday, Zakaria was asked to explain why he had offered Safitex a credit limit of US\$1 million on Sept 13, 2013 with credit terms of 60 days without any evidence of evaluation of the financial standing in approving the credit limit, and especially without any evaluation by a credit control committee. He was also asked to explain why the credit limit was granted without securing any form of security to cover the credit limit, and "thus contravened the limit of 30 days allowable credit period for external companies under the Felda Holding Group Finance Policies and Procedures".

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The board also questioned Zakaria for allowing the continuation of sales to Safitex despite the latter breaching the credit limit of US\$1 million from March 2014 to July 2014. Zakaria was also asked to explain why he had, in April 2017, approved a proposal to increase the credit limit to Safitex to US\$9.52 million based on a proposal dated April 11, 2016 without any evidence of evaluation of the financial standing in approving the credit limit.

“As a result of your approvals in your capacities related to Delima Oil, sales had been allowed in contravention of the FGV board-approved policies,” the show-cause letter read.

The letter went on to say if Zakaria fails to give a written explanation on his actions within seven days, disciplinary action amounting to dismissal may be taken against him without further reference.

In a surprise move last Tuesday, Zakaria, Ahmad Tifli and two FGV subsidiaries' heads — Delima Oil Products Sdn Bhd senior general manager Kamarzaman Abd Karim and FGV Trading Sdn Bhd CEO Ahmad Salman Omar — were given leave of absence with immediate effect pending investigations into certain transactions under Delima Oil. The matter also caught the Malaysian Anti-Corruption Commission's attention. It had seized a trolley-full of evidence after an eight-hour search at FGV's headquarters last week.

Zakaria, appointed to his current position on April 1, 2016, has denied any wrongdoing and refused to step down given that his contract is valid for three years

Question 1

Identify **THREE (3)** issues in the article in relation to organization politics. Discuss **FOUR (4)** employee responses to organization politics.

(25 Marks)

Questions 2

Based on the article there are a few accusations charged against Zakaria in which he needs to negotiate accordingly. Discuss the **FIVE (5)** steps that Zakaria needs to use to negotiate effectively.

(25 Marks)

Continued...

Article 2

Title: Zakaria reinstated as FGV group president and CEO

Author: Sulhi Azman

Source: theedgemarkets.com

Date: October 09, 2017 18:26 pm

KUALA LUMPUR (Oct 9): Felda Global Ventures Holdings Bhd (FGV) today announced that Datuk Zakaria Arshad has been reinstated as its group president and chief executive officer (Group PCEO) effective October 16.

Zakaria's return to FGV comes four months after he was suspended and forced to go on a leave of absence by former chairman Tan Sri Mohd Isa Abdul Samad, over alleged irregularities at one of the subsidiaries.

Zakaria's return to helm the world's largest crude palm oil producer was approved by its special shareholder, The Ministry of Finance Inc, which FGV said had "taken the time to review" the findings by the domestic inquiry panel on Zakaria's involvement in the alleged irregularities.

"After taking into consideration the ongoing FGV transformation program and the Group PCEO's commitment and assurance to resolve the long outstanding debt of Safitex Trading LLC, the special shareholder would like Datuk Zakaria to return as the Group PCEO of FGV," the group said in a filing to Bursa Malaysia.

Zakaria was the last person to return to FGV after he, along with three others, were suspended and forced to take a leave of absence on June 6 by Mohd Isa, pending completion of an internal probe involving Safitex's outstanding loans to FGV's unit, Delima Oil Products Sdn Bhd, which "had swelled to US\$11.7 million".

The three others were group financial officer Ahmad Tifli Mohd Talha and the heads of two FGV subsidiaries: Delima Oil senior general manager Kamarzaman Abd Karim and FGV Trading Sdn Bhd CEO Ahmad Salman Omar.

The trio had returned to FGV and resumed their duties on October 4.

Separately, FGV chairman Datuk Wira Azhar Abdul Hamid today reiterated his commitment to turn around the group and bring it to greater heights despite the various challenges faced at this point in time.

"My immediate priorities are to improve operational and financial performance of our core business and ensure sustainable growth going forward. Being one of the biggest palm oil plantation companies, FGV must aspire to be the industry leader in terms of productivity and financial returns, so any factors hindering us from achieving these objectives must be addressed immediately," Azhar said in a statement.

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Azhar also said there is a need for a new management structure to strengthen the organization going forward and to provide better focus towards achieving FGV's strategic plans.

Question 3

After a critical power and politics crisis in FGV, it is time to rebuild FGV. FGV Chairman Datuk Wira Abdul Hamid responded.... *"My immediate priorities are to improve operational and financial performance of our core business and ensure sustainable growth going forward...."* One of most important factor is to get the right structure. Discuss the determinants and outcomes of an organization structure.

(25 Marks)

Question 4

The next area that FGV need to focus is organizational culture. Discuss **FIVE (5)** objective factors based on the article that FGV board needs to focus to increase employee's performance and satisfaction.

(25 Marks)

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